

STAND. COM. REP. NO. **2339**

Honolulu, Hawaii

FEB 14 2024

RE: S.B. No. 2857
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Transportation and Culture and the Arts, to which was referred S.B. No. 2857 entitled:

"A BILL FOR AN ACT RELATING TO AN AIRCRAFT SERVICE AND MAINTENANCE TAX CREDIT,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a five-year income tax credit for general excises taxes paid on qualified aircraft service and maintenance expenses of the qualified taxpayer.

Your Committee received testimony in support of this measure from the Aircraft Owners and Pilots Association and Helicopter Association International.

Your Committee received comments on this measure from the Department of Taxation, Department of the Attorney General, and the Tax Foundation of Hawaii.

Your Committee finds that the aviation industry plays many significant roles in the State, including without limitation, the first responders flown by air to remote areas in a disaster, the effective use of air medical transports, ocean and forest search and rescue operations conducted by helicopter, helicopters used in emergency services for state or federal disaster, and electric utility operators that perform surveys and maintain powerlines.



Your Committee further finds that aircraft service and maintenance was critical in the wildfire relief efforts during the August 2023 Maui wildfires. This measure will support aviation servicing and the aviation industry by establishing an income tax credit.

Your Committee has amended this measure by:

- (1) Clarifying the qualifications for the tax credit to be based on qualified gross income;
- (2) Deleting the definition for "qualified expenses";
- (3) Adding definitions for "qualified gross income", "qualified taxpayer", and "wildfire relief efforts";
- (4) Inserting an effective date of January 1, 2050, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Transportation and Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2857, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2857, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Transportation and
Culture and the Arts,



CHRIS LEE, Chair



